



**FJ BENJAMIN**

## **F J BENJAMIN Q3 09 EARNINGS FALL ON LOWER TURNOVER**

- *Turnover declines 21% to \$69.1 million amid weak consumer spending*
- *Pre-tax profit drops to \$142,000 before non-cash items*
- *\$1.7 million unrealised non-cash foreign exchange loss contributes to \$1.9 million net loss*

**SINGAPORE, 11 May 2009** – F J Benjamin Holdings today reported lower earnings for the third quarter ended March 31, 2009 (Q3 09) following a reduction in sales as consumer spending remained depressed by the economic downturn across the region.

Group turnover fell 21% to \$69.1 million from \$87.0 million in the previous corresponding quarter, while operating profit declined 87% to \$0.4 million from \$3.2 million.

An unrealised non-cash foreign exchange loss of \$1.7 million pushed earnings to a loss of \$1.9 million from \$4.4 million profit in the previous corresponding quarter. The exchange loss was due to the conversion of foreign-denominated trade payables and related-companies balances to exchange rates prevailing on March 31. It compared with a gain of \$2.3 million in Q3 08. This foreign exchange difference relates mainly to the timing difference between the booking of the inventories in foreign currencies and the payment for such purchases. Such loss or gain should logically be transferred to closing inventories (rather than income statement) to state the inventories at actual costs. However the accounting presentation and treatment are adopted to comply with the current accounting standard on foreign exchange translation. Excluding the foreign exchange loss and exceptional item of \$254,000, profit before tax would have been \$142,000.

Gross margins for the quarter slipped slightly to 38% from 40% due mainly to higher promotional activities amid a highly competitive environment. As a result of cost cuts implemented in the last year, staff costs dipped 9% to \$9.5 million, and other operating expenses fell 38% to \$4.6 million.

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Nash Benjamin, CEO of F J Benjamin Holdings, said: "Our sales continued to be hurt by the economic downturn, which was unprecedented in the scale and speed of its contraction. February was a particularly bad month as Chinese New Year in January was too close to the year-end festive period for sustained holiday spending. In addition, the Great Malaysian Sale did not do as well as last year.

"We believe that the series of cost-cutting measures and our healthy balance sheet will help us to navigate through this challenging period. With signs of stability in the global financial markets, we are beginning to see improving consumer sentiment. We will position ourselves to seize opportunities and to maximise our revenue going forward."

Reviewing its Q3 09 performance, F J Benjamin said the fashion business fell 19% year-on-year while sales for timepieces dropped 24% on weaker consumer spending in Southeast Asia and Taiwan.

Geographically, sales in Southeast Asia declined 21% with fashion down 19% and timepieces 29%. Domestic sales in Indonesia eased 9% compared to Q3 08. The depreciation of the rupiah by about 11% also affected profitability.

North Asia held up better with revenue from Hong Kong up 7% although mainland China was down 40%.

The Group's balance sheet remains strong with net gearing at 0.22 times. Cash generated from operations has improved significantly to \$10.6 million from \$1.7 million previously. Net asset value per share dropped from 24.44 cents in FY 2008 to 23.97 cents in Q3 09.

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**About F J Benjamin Holdings Ltd** ([www.fjbenjamin.com](http://www.fjbenjamin.com)) – F J Benjamin Holdings Ltd is a leader in building brands and in developing retail and distribution networks for international luxury and lifestyle labels across Asia. Its portfolio includes Banana Republic, Celine, Gap, Guess, La Senza, Raoul, Sheridan and timepiece brands such as Bell & Ross, Chronotech, Girard-Perregaux, JeanRichard, Marc Ecko, Nautica, Nike, Rado and Victorinox Swiss Army. It also has an interest in St James Holdings Ltd.

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